

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COVERED BRIDGE UTILITIES INC.'S)	
APPLICATION FOR A CERTIFICATE OF)	CASE NO. 93-275
PUBLIC CONVENIENCE AND NECESSITY)	
AND RELATED FINANCING)	

O R D E R

Covered Bridge Utilities, Inc. ("Covered Bridge") by its application filed August 6, 1993 is seeking a Certificate of Public Convenience and Necessity for a proposed expansion of the Covered Bridge Sewage Treatment Plant and for approval of its plan of financing for this project. The proposed construction consists of a 100,000-gallon per day wastewater treatment plant and related appurtenances. Developer Langan, Martin and Keith ("LMK") will pay for the costs of construction of this expansion with partial reimbursement by Covered Bridge. Covered Bridge has agreed to repay \$65,000 of the first \$265,000 and one-third of all project costs over the first \$265,000 not to exceed a total repayment of \$200,000. The total project cost is estimated to be \$664,500. Covered Bridge's repayment will be based on a 15-year period at an interest rate of 8 percent per annum with a balloon payment due after 10 years. A hearing on Covered Bridge's application was held in the Commission's offices in Frankfort, Kentucky on April 25, 1994.

Drawings for the proposed improvements prepared by James-Winstead and Associates of Louisville, Kentucky ("Engineer"), have

been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require that the construction proposed be performed and that a Certificate of Public Convenience and Necessity be granted.

2. The proposed construction consists of a 100,000-gallon per day wastewater treatment plant and miscellaneous appurtenances.

3. Any deviation from the construction approved should be undertaken only with the prior approval of the Commission.

4. Covered Bridge should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

5. Covered Bridge should furnish duly verified documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Sewage Utilities prescribed by the Commission.

6. Covered Bridge's contract with its Engineer should require the provision of construction inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction

work is done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the project.

7. Covered Bridge should require the Engineer to furnish a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

8. The financing plan proposed by Covered Bridge is for lawful objects within its corporate purposes, is necessary and appropriate for the consistent and proper performance of its service to the public and will not impair its ability to perform these services. The financing plan is reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Covered Bridge be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction as set forth in the plans of record herein.

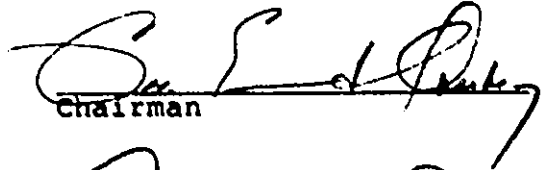
2. Covered Bridge's financing plan with LMK is hereby approved.


3. Covered Bridge shall comply with requirements contained in Findings 3 through 7.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein approved.

Done at Frankfort, Kentucky, this 24th day of May, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director